

HOUSE BILL 833

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HB 966/03 - ECM

2004 Regular Session
4r2484
CF 4r2485

By: **Delegate McHale**
Introduced and read first time: February 9, 2004
Assigned to: Economic Matters

Committee Report: Favorable
House action: Adopted
Read second time: February 24, 2004

CHAPTER _____

1 AN ACT concerning

2 **Homeowner's Insurance - Cancellation**

3 FOR the purpose of authorizing an insurer to cancel a certain policy of homeowner's
4 insurance under certain circumstances; and generally relating to the
5 cancellation of a policy of homeowner's insurance.

6 BY repealing and reenacting, with amendments,
7 Article - Insurance
8 Section 27-501(d)
9 Annotated Code of Maryland
10 (2002 Replacement Volume and 2003 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article - Insurance**

14 27-501.

15 (d) (1) With respect to automobile liability insurance, an insurer may not:

16 (i) cancel, refuse to renew, or otherwise terminate coverage for an
17 automobile insurance risk because of a claim, traffic violation, or traffic accident that
18 occurred more than 3 years before the effective date of the policy or renewal; or

19 (ii) refuse to underwrite an automobile insurance risk because of a
20 claim, traffic violation, or traffic accident that occurred more than 3 years before the
21 date of application.

1 (2) With respect to homeowner's insurance, an insurer may not:

2 (i) cancel, refuse to renew, or otherwise terminate coverage for a
3 homeowner's insurance risk because of a claim that occurred more than 3 years before
4 the effective date of the policy or renewal; or

5 (ii) refuse to underwrite a homeowner's insurance risk because of a
6 claim that occurred more than 3 years before the date of application.

7 (3) AN INSURER MAY CANCEL A POLICY OF HOMEOWNER'S INSURANCE
8 UNDER WHICH A ONE-TIME GUARANTEED FULLY REFUNDABLE DEPOSIT IS
9 REQUIRED FOR A STATED AMOUNT OF COVERAGE, IF THE CANCELLATION:

10 (I) TAKES EFFECT ON THE ANNIVERSARY DATE OF THE
11 INCEPTION OF THE POLICY;

12 (II) IS NOT BASED ON A CLAIM THAT OCCURRED MORE THAN 3
13 YEARS BEFORE THE ANNIVERSARY DATE OF THE POLICY ON WHICH THE PROPOSED
14 CANCELLATION WOULD TAKE EFFECT; AND

15 (III) IS OTHERWISE IN ACCORDANCE WITH THIS SUBTITLE.

16 (4) [Paragraphs (1) and (2) of this subsection do] THIS SUBSECTION
17 DOES not apply to a claim involving conviction of the insured or applicant for fraud or
18 arson.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2004.